FORTIM TRUSTED ADVISORS

An alliance member of BNP PARIBAS REAL ESTATE

AT A GLANCE
RETAIL MARKET H1 2022

KEY HIGHLIGHTS

- Retail parks have been the preferred scheme by the developers in 2022, in line with the 2021 trend, influenced by the the pandemic conditions. The under-construction retail parks stock is estimated to 83% of the total retail stock to be delivered in 2022.

- In 2022, in the Romanian market entered new retailers such as Primark, JD Sports, Tedi, Bath & Body Works, Foot Locker, Cyberjump, Half Price, Popeyes or Poke House.

- The prime rents in prime shopping malls are stable, or even slightly higher than past few years. This trend is a direct consequence of the decrease in new shopping malls delivery, coupled with the necessity from the retailers to continue their networks expansion.

KEY FIGURES

4,21 M. m²
EXISTING RETAIL SPACE

27,300 m²
NEW SUPPLY H1 2022

560,000 m²
PIPELINE H2 2022-2025

+5% YoY
RETAIL SALES

+5,1% YoY
NON-FOOD SALES

+5-10%
ONLINE SALES

ECONOMIC STATISTICS 2022

- GDP: +5,3%
- Wages in enterprise sector: 12%
- Unemployment rate: 6%
- Inflation (CPI): 13%
- Yield: 7,2%

Source: INSSE, GPEC

DYNAMIC MARKET

The market is indeed very dynamic, in special for retail park segment. The recent developments will contribute to improving the supply in proximity areas, in the neighbourhoods. In the next 6-9 months, we estimate to be delivered more than 100,000 sqm GLA retail spaces, in 12 new retail park units.

The 2022 key developers in the Romanian retail park sector are: Prime Kapital, NEPI Rockcastle, Scallier Investments, Oasis Retail Development & Consulting, Mitiska REIM, Iulius Group, Synergy Construct, Impact Developer & Contractor, Supernova.

DN1 VALUE CENTER, ILFOV

The newest and emblematic Romanian retail park is Lemon Retail Park, 7,700 GLA, opened in September 2022, in Pipera area. Located in the middle of the new neighborhood, in the north area of Bucharest. The total investment will be 15 mil euro, the owner is Synergy Construct, we name some of the tenants: Pepco, Transilvania Bank, Mega Image as a food anchor, Sushi Gallery, Tucano Caffe, Brasserie and Popeyes.

Another example of success is the Family Market, a new concept launched by Iulius Group. This retail concept is calibrated to the residents needs in expanding residential areas (with middle-up new houses developments).

In 2022, Iulius Group invests 23 million euro in two Family Markets, one in Miroslava (7,700 sqm GLA) and another one in Bucium (5,000 sqm GLA), both in Iasi County.

LEMON RETAIL PARK, ILFOV

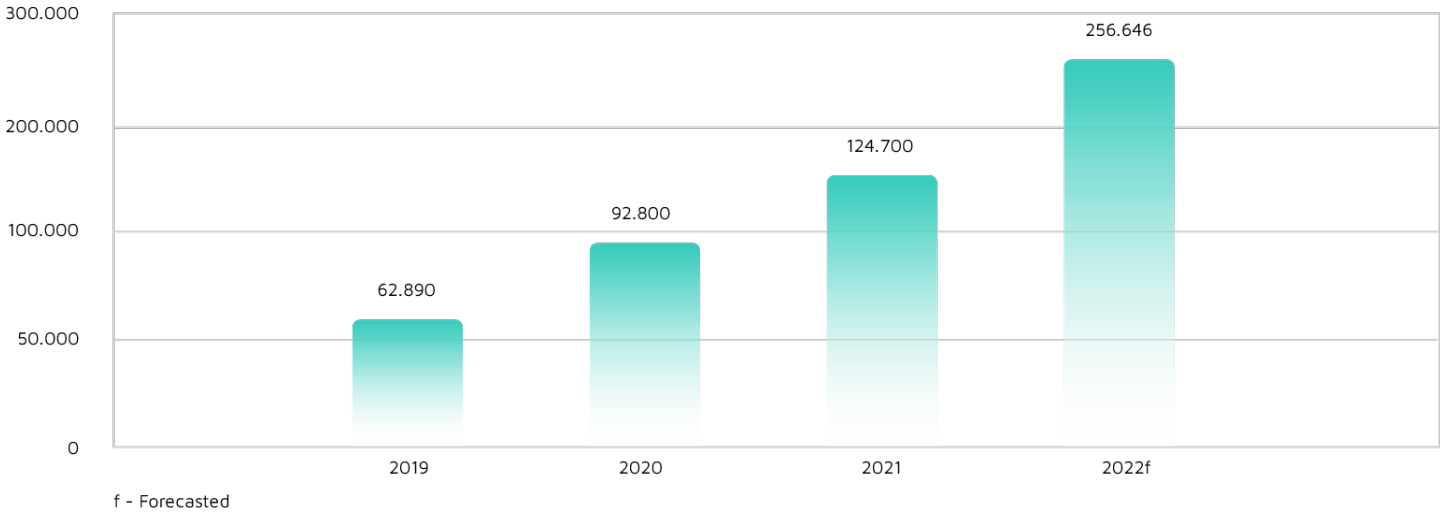
Family Market features an Auchan supermarket and a mix consisting of services with grocery, pharmacy, bookstore, laundry, mobile service, flower shop, pet shop, hairdresser, home and fashion products.

This kind of investments offers more flexibility, a short term of the construction, and a smaller initial investment for the developers.

INCREASING THE INVESTMENTS VOLUME IN THE RETAIL SECTOR

Regarding the real estate investment market in retail spaces, for the first 8 months of 2022, the total volume for acquisitions was in total of 249 million euro. Studium Green, MAS RE, are among the buyers, and one private investor: Omer Susli.

DELIVERIES RETAIL PARK SPACES (sqm)



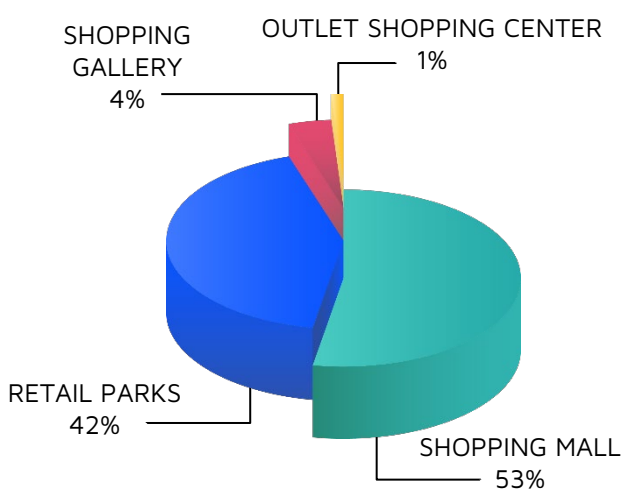
SHOPPING MALL SEGMENT

In 2022, the only important delivery on the modern retail market in Bucharest is extension of Colosseum Mall, with 16,000 sqm GLA.

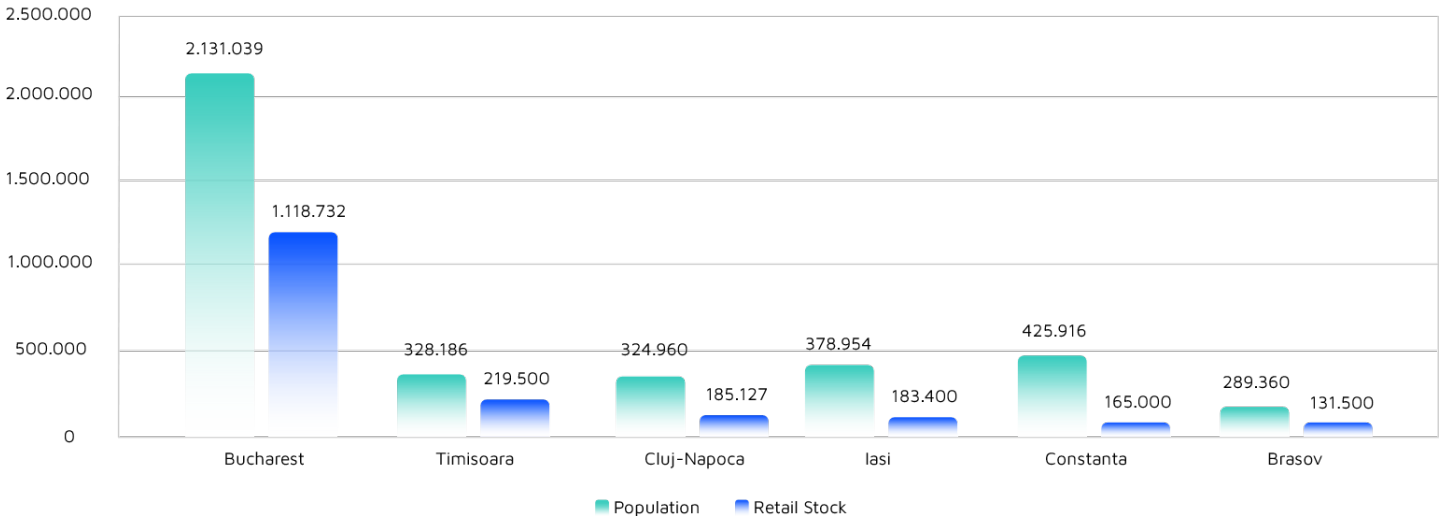
Modern retail stock has increased in 2021 with about 208,000 sq.m. represented by the extension of existing schemes, as well as new retail projects.

In Bucharest was delivered the first phase of Fashion House Pallady Outlet, with 8,500 sqm area, in the Eastern part, near to Ikea Pallady store, close to A2 highway.

MODERN RETAIL SPACE BY FORMAT (SQM)



MODERN RETAIL STOCK IN MAJOR CITIES, H1 2022



The total stock of existing retail spaces in Bucharest is over 1.2 million sqm and in the top 10 Romanian cities like Cluj-Napoca, Timisoara, Constanta and Iasi, the total stock is between 150,000 and 220,000 sqm.

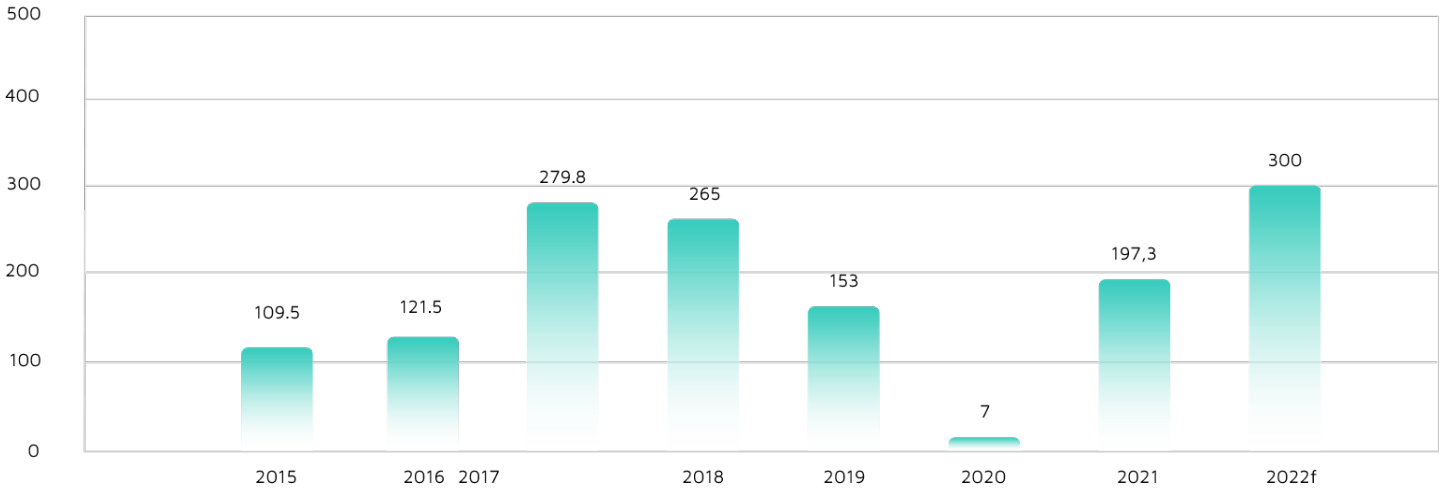
AFI Palace Cotroceni, features a gross lettable area of 90,000 sq m and is the largest Romanian shopping center.

In addition to traditional retail, the on-line commerce contributes to the growth of the retail sector. It is estimated by GPeC that, in 2021, e-commerce was 7 billion EUR.

In 2022, GPeC Retail e-commerce association estimates an increase in the e-commerce segment of 5-10%.

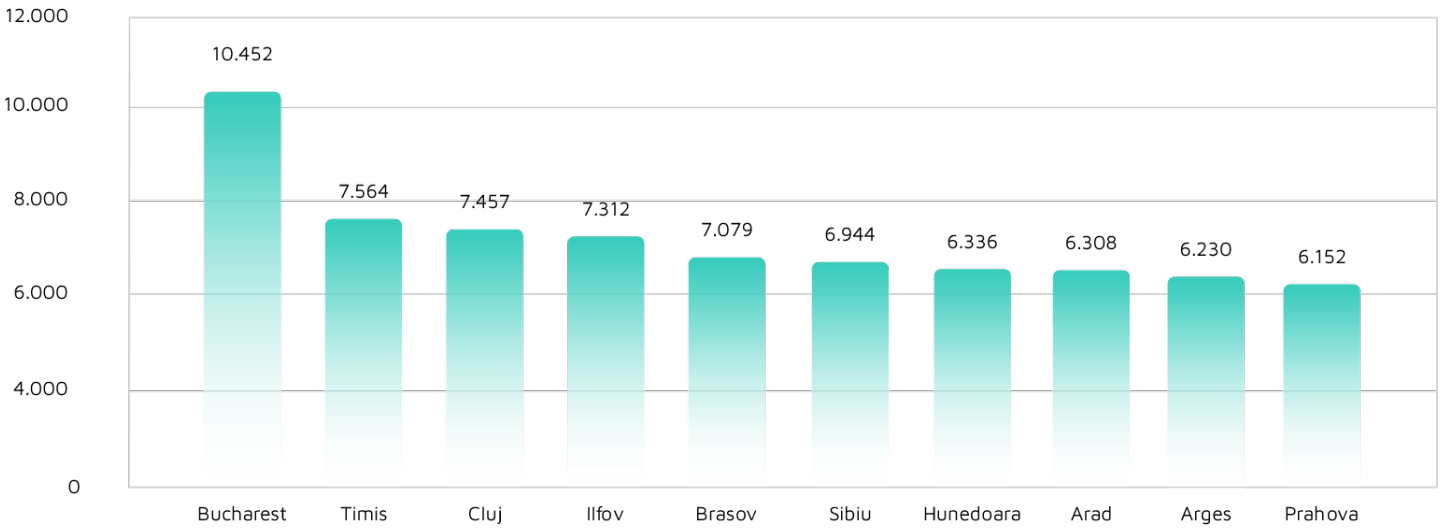
COLOSSEUM MALL, BUCHAREST

INVESTMENT MARKET IN RETAIL PARKS SEGMENT (MIL. EUR)



f - Forecasted

PER CAPITA PURCHASING POWER IN EUR



THE HIGH STREET TRENDS

Redesign and development of pedestrian retail space in mixed-use building, new or refurbishment spaces. For example, iconic America House building, owned by Morgan Stanley and David Hay, in the CBD, Victoriei Square invest in upgrades of the exterior ground floor area including the extension of the terrace's premises, adding green areas, architectural lighting for the green spaces, extending the sidewalk for the benefit of the pedestrians, changing the flooring, and unifying the retail signage. All these improvements created a new modern and lifestyle retail destination.

The luxury retail spaces rent is between 480 and 660 Euro/sqm/year in Bucharest, Calea Victoriei, the trend is maintained stable due to lack of new deliveries in the area, with an increase on demand from retailers for premium retail spaces.

EXPERT COMMENT

Dointa Ilie, MRICS

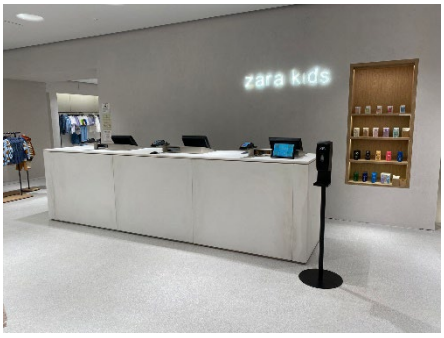
Retail Consultant

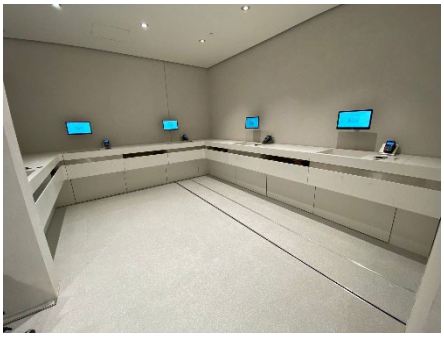
The current economic environment will continue to have a strong impact in the next year, for the new retail stock delivery, especially for the shopping mall segment.

The most enduring and successful developments proved to be the retail park schemes, delivered in the secondary cities, with a lower price for land compared to the top 10 cities. These new retail parks attracted the most successful retailers in the market which are attentive to new expansion opportunities.

Shopping malls are on the recovery trend, and in 2022 the footfall increased like in the pre-pandemic period.

Although, the online sales decreased recently, the offline sales in all retail sector increased. Moreover, the digitalization in the most advanced offline retail concepts, such as Zara, is a focus to be developed further and implemented in a fast pace by the retailers, not only in fashion sector, but as well in the electronic and bookstore shop concepts.





ZARA, BANEASA SHOPPING CITY

TOP PIPELINE 2023-2024

PROPERTY NAME	CITY	TOTAL RENTABLE AREA / GLA (SQM)	OWNER / LANDLORD	RETAIL TYPE	YEAR BUILT
ERA SHOPPING PARK MOLDOVA MALL: EXTENSION	IASI	58.600	MAS REAL ESTATE FINANCE S.R.L	SHOPPING MALL	2024
PROMENADA MALL CRAIOVA	CRAIOVA	52.300	NEPI ROCKCASTLE (NEPI INVESTMENT MANAGEMENT)	SHOPPING MALL	2023
ARGES MALL	PITESTI	52.100	PRIME KAPITAL	SHOPPING MALL	2024
AFI ARAD	ARAD	32.000	AFI EUROPE	RETAIL PARK	2023
ALBA IULIA MALL	ALBA IULIA	28.900	PRIME KAPITAL	SHOPPING MALL	2023
SHOPPING PARK PITESTI	PITESTI	22.500	MITISKA REIM	RETAIL PARK	2022
IULIUS MALL SUCEAVA II - RETAIL PARK	SUCEAVA	14.000	IULIUS GROUP SRL	SHOPPING MALL	2023
FUNSHOP RETAIL PARK MOSNITA NOUA	MOSNITA	10.600	SCALLIER INVESTMENT S.R.L.	RETAIL PARK	2022
FUNSHOP RETAIL PARK VASLUI	VASLUI	9.975	SCALLIER INVESTMENT S.R.L.	RETAIL PARK	2022
SHOPPING PARK GIURGIU	GIURGIU	9.300	MITISKA REIM	RETAIL PARK	2022
FUNSHOP RETAIL PARK TURDA	CLUJ-NAPOCA	9.082	SCALLIER INVESTMENT S.R.L.	RETAIL PARK	2022
LEMON RETAIL PARK	BUCURESTI	7.700	SYNERGY CONSTRUCT SRL	RETAIL PARK	2022
SHOPPING PARK TULCEA: EXTENSION	TULCEA	7.300	MITISKA REIM	RETAIL PARK	2022
FUNSHOP RETAIL PARK VLADIMIRESCU (ARAD)	ARAD	7.000	SCALLIER INVESTMENT S.R.L.	RETAIL PARK	2023
GREENFIELD PLAZA	BUCURESTI	6.730	IMPACT DEVELOPER & CONTRACTOR	RETAIL PARK	2022
FUNSHOP RETAIL PARK HUNEDOARA	HUNEDOARA	6.260	SCALLIER INVESTMENT S.R.L.	RETAIL PARK	2022
ALBA MALL EXTENSION	ALBA IULIA	6.000	ALBA MALL SRL	SHOPPING MALL	2022
FAMILY MARKET BUCIUM	IASI	5.500	IULIUS GROUP SRL	RETAIL PARK	2022
BAIA MARE VALUE CENTER: EXTENSION	BAIA MARE	4.200	PRIME KAPITAL	RETAIL PARK	2022

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